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Supplement

Approved For Release 2000/08/22 : CIA-RDP61S00527A000100050010-1

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# S/OM Requirements on the Reorganization of Industrial Management

On 1 July 1957, Soviet officials drastically reorganized the structure of their economic managerial apparatus. Most industrial ministries were abolished and the organization for central economic planning was strengthened and given new administrative powers. Over 100 regional centers for economic administration (called economic councils) have been established to carry out the new system of regional management embracing more decentralization in the making of managerial decisions.

In the European Satellites and in Communist China, as in the USSR, there also has been some reorganization of economic management in recent years. This is true, particularly, for East Germany, Poland, and Czechoslovakia.

## 1. Central Structure

What have been the changes, since 1956, in the central structure of the Sino-Soviet Bloc governments?

- (1) Changes in the Council of Ministers
- (2) Changes in the ministries, directorates, and committees
- (3) Changes in the State Planning Committee

## 2. Intermediate regional level

- A. What new agencies have been established to administer subdivisions of the country, for example, economic regions in the USSR, and districts and counties (Bezirke and Kreise) in East Germany?
- B. What functions have been assigned to these agencies, or what changes in functions have occurred?
- C. Apart from formal assignments, what are the actual responsibilities and functions of these regional subdivisions?
- D. What specific difficulties are these agencies encountering?

## 3. The management of industrial enterprises

- A. Have managers of industrial enterprises gained more freedom of action under the reorganization, for example in planning?
- B. Do the managers of enterprises like the new system or organization?
- C. What new powers have the enterprise managers over:
  - (1) Control over production
  - (2) Control over their finances
  - (3) Control over personnel

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4. Labor Management and Unionism

- A. How have the reorganizations affected labor-management relations with respect to recruitment, powers over dismissal?
- B. Have the reorganizations had any effect on labor unions as such? If so, what has been this effect?

5. Economic Planning

- A. What changes have occurred in the planning process as a result of the reorganization?
  - (1) How much has central planning been "decentralized" to regional and local levels of government?
  - (2) Which powers over planning are now exercised by regional and local planning groups?
  - (3) In the allocation of planned commodities; which are allocated centrally, and which are allocated regionally, or locally?
- B. Has planning been made any more efficient as a result of the reorganizations?

6. Communist Party

- A. What role does the Communist Party play in the reorganizations? Have the reorganizations been more "political" than "economic"?
- B. Has the Party apparatus gained or lost powers over the economic managers since the reorganization? Discuss in detail.

7. Effects of the managerial reorganizations

- A. Has industrial management been made more efficient and more effective by the reorganizations? Has the decision-making process been markedly speeded up? Has the role of the central bureaucracy been significantly reduced? In what way has management been improved regarding:
  - (1) Control over raw materials, their procurement, allocation, and distribution.
  - (2) Control over production of materials and equipment.
  - (3) Direction of employees--hiring, firing, and discipline.
  - (4) Controls over financing industrial enterprises.